

Appendix A

MEDICARE SUPPLEMENT REFUND CALCULATION FORM
FOR CALENDAR YEAR _____

TYPE _____ SMSBP (w) _____

For the State of _____

Company Name _____

NAIC Group Code _____ NAIC Company Code _____

Person Completing This Exhibit _____

Title _____ Telephone Number _____

	(a) Earned <u>Premium (x)</u>	(b) Incurred <u>Claims (y)</u>
1. Current Year's Experience		
a. Total (all policy years)		
b. Current Year's issues (z)		
c. Net (for reporting purposes = 1a - 1b)	_____	_____
2. Past Year's Experience (All Policy Years)	_____	_____
3. Total Experience (Net Current Year + Past Years' Experience)	_____	_____
4. Refunds last year (Excluding Interest)		
5. Previous Since Inception (Excluding Interest)		
6. Refunds Since Inception (Excluding Interest)		
7. Benchmark Ratio Since Inception (SEE WORKSHEET FOR RATIO 1)		
8. Experienced Ratio Since Inception		
Total Actual Incurred Claims (Line 3, Col. b) = Ratio 2		
Total Earned Premium (Line 3, Col. a) - Refunds Since Inception (Line 6)		
9. Life Years Exposed Since Inception _____		
If the Experienced Ratio is less than the Benchmark Ratio, and there are more than 500 life years exposure, then proceed to calculation of refund.		
10. Tolerance Permitted (obtained from credibility table) _____		

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11. Adjustment to incurred Claims for Credibility

Ratio 3 = Ratio 2 + Tolerance

If Ratio 3 is more than benchmark ratio (ratio 1), a refund or credit to premium is not required.

If Ratio is less than the benchmark ratio, then proceed.

12. Adjusted Incurred Claims =

[Total Earned Premiums (Line 3, Col. a) - Refunds Since Inception (Line 6)] x Ratio 3 (Line 11)

13. Refund = Total Earned Premiums (Line 3, Col. a) -
Refunds Since Inception (Line 6) -

Adjusted Incurred Claims (Line 12)
Benchmark Ratio (Ratio 1)

If the amount on Line 13 is less than .005 times the annualized premium in force as of December 31 of the reporting year, then no refund is made. Otherwise, the amount on Line 13 is to be refunded or credited, and a description of the refund and/or credit against premiums to be used must be attached to this form.

Medicare Supplement Credibility Table

<u>Life Years Exposed</u> <u>Since Inception</u>	<u>Tolerance</u>
10,000 +	0.0%
5,000 - 9,999	5.0%
2,500 - 4,999	7.5%
1,000 - 2,499	10.0%
500 - 999	15.0%

If less than 500, no credibility

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MEDICARE SUPPLEMENT REFUND CALCULATION FORM
FOR CALENDAR YEAR _____

TYPE(1) _____ SMSBP(2) _____
For the State of _____
Company Name _____
NAIC Group Code _____ NAIC Company Code _____

- (1) Individual, Group, Individual Medicare Select, or Group Medicare Select
- (2) “SMSBP” Standardized Medicare Supplement Benefit Plan
- (3) Includes Modal loadings and fees charged
- (4) Excludes Active Life Reserves.
- (5) This is to be used as “Issue Year Earned Premium” for Year 1 of next year’s “Worksheet for Calculation of Benchmark Ratios”

I certify that the above information and calculations are true and accurate to the best of my knowledge and belief.

Signature

Name - Please Type

Title

Date